

72-6402  
14 DEC 1972

MEMORANDUM FOR: Deputy Director for Intelligence  
Deputy Director for Plans  
Deputy Director for Science and Technology  
Deputy Director for Support

SUBJECT: Absorption of FY 1973 New Pay Costs

1. It now seems certain that a pay raise will take place in January. It also appears certain that CIA will be expected to absorb the entire cost of this raise as it affects FY 1973.

2. In line with our general philosophy of maximizing the management control of each Deputy Director over his own Directorate, it is expected that each of you will take on the task of absorbing the new pay cost for your Directorate within the funds already allotted to your Directorate. This expectation is subject to the usual escape clause that if you should find you are unable to find adequate and appropriate ways to meet this issue, I will be happy to assist.

3. You should be forewarned, however, that based on my monthly monitoring of current activities, I believe that there are savings in each Directorate which can be applied to this problem, and beyond this that each Directorate has some activities which, in my opinion, can be cut back below programmed levels in this year without causing serious damage to Agency programs. Therefore, I will not ask any Directorate to provide funds for any other Directorate until and unless I am assured that such action is absolutely necessary.

4. We must in the very near future decide on how to allocate a personnel reduction to be effected over the next 18 months. This reduction of people may or may not help in absorbing the FY 73 pay

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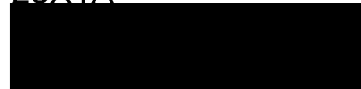
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requirement. In the meantime, I am requesting that you instruct your planning officers to (a) begin now to identify your individual ability to absorb the pay cost, (b) discuss with O/PPB how you would meet the issue, and (c) identify any problems you cannot handle.

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W. E. Colby  
Executive Director-Comptroller

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